

GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Cooperation Department - Cooperation Urban Banks - Converting the Bhagyanagar Coop. Urban Bank Ltd., into the Bhagyanagar Coop.Credit Society Ltd., by replacement of liquidator and appointing Sri B. Yadaiah, as its Chairman along with other Govt. Officials to run the Bhagyanagar Coop. Credit Society - Orders -Issued

AGRICULTURE AND COOPERATION (COOP.III) DEPARTMENT

G.O.Ms.No. 21

Dated:22-01-2011

Read the following:

1. Representation dt. 11-8-2009 of Sri B. Yadaiah, Ex-Chairman, Bhagyanagar CUBL, Hyderabad through CM's office No. 3593/CMP/2009, dt. 21-8-2009
2. Govt. Memo.No.11396/Coop.III(1)/2009-1 dt. 29-8-2009
3. From the CC&RCS, A.P., Hyd., Lr.Rc.No. 4038/09 LU- 1 dt. 01-02-2010
4. From the CC&RCS, A.P., Hyd., Lr.Rc.No. 4752/2010-LU-1, dated 01-4-2010.
5. From the CC&RCS, A.P., Hyd., Lr.Rc.No. 4752/2010-LU-1, dated 13-05-2010
6. From the CC&RCS, A.P., Hyd., Lr.Rc.No. 4752/2010-LU-1, dated 15-6-2010.
7. Govt. Memo.No. 11396/Coop.III(1)/2009-5, dated 8-7-2010.
8. From the CC&RCS, A.P., HYd., Lr.Rc.No. 4752/2010-LU-1, dated 17-7-2010.
9. From Sri B.Yadaiah, Ex-Chairman, BCUB Ltd., letter Addressed to the Hon'ble C.M., dt. 11-7-2010.
10. From the CC&RCS, A.P., Hyd., Lr.Rc.No. 4752/2010-LU-1, dated 16-9-2010.
11. From the CC&RCS, A.P., HYd., Lr.Rc.No. 4752/2010-LU-1, dated 18-9-2010.

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ORDER:

In the representation first read above, Sri B. Yadaiah, Ex-Chairman, Bhagyanagar CUBL, Hyderabad has requested the Government for replacement of liquidator and appoint him as PIC/Chairman along with two(2) other officials to run the Bhagyanagar Coop. Urban Bank Limited.

2. In the letter 5th read above, the Commissioner for Coop. & Registrar of Coop. Societies, A.P., Hyderabad has reported that even after (10) years of liquidation process still substantial recoveries are yet to be made. The proposed revival may bring in better recovery and therefore, may be beneficial to deposit holders. The 'due diligence' report given by the Chartered Accounts firm has also projected that there is a good chance of revival of this entity and improvement in recovery is projected over a period of next four years. Further, the proposed committee after revival will have majority of Govt. officers i.e., 2 out of 3 and they should in a position to utilize the good officers of former chairman Sri B.Yadaiah and effect better recoveries and at the same time should be able to protect the interest of the Govt. and depositors under any circumstances and requested the Govt. to consider the proposal for conversion of Bhagyanagar Coop. Urban Bank Ltd., into Bhagyanagar Coop. Credit Society in the interest of Government/Depositors.

3. In the reference 11th read above the Commissioner for Coop. & Registrar of Coop. Societies, A.P., Hyderabad has proposed that the following enlarged PIC Committee, in case a decision is taken to convert the Bhagyanagar CUB (U/L) into a Bhagyanagar Coop. Credit Society. This Committee will have representatives from all major depositors exceeding Rs. 100 lakhs.

- i) Sri B. Yadaiah Chairman
- ii) General Manager, APSCFC of his representative- Member
- iii) Managing Director, AP, Housefed or his representative- Member
- iv) Executive Engineer (PR), RR District or his representative- Member
- v) Managing Director, APSCRIC or his representative- Member
- vi) Managing Director, APBC. Finance Corporation or his representative - Member
- vii)Liquidator, AP Coop. Joint Farming Societies Federation and A.P. State Coop. Labour Contract Societies Federation- Member.

4. The Commissioner for Coop. & Registrar of Coop. Societies, A.P., Hyderabad has further informed that out of 7 members proposed above in the PIC Committee, 6 represent the Government organizations who have major depositors with this Society. Hence, it is felt that this is adequate safe guard to protect the interest for the deposit holder Government organizations.

5. The Commissioner for Coop. & Registrar of Coop. Societies, A.P., Hyderabad has also stated that the left over deposits are only from Govt. Organizations and the liquidation process was not progressing satisfactorily, hence, Govt. permission was sought to convert this Bhagyanagar Coop. Urban Bank under liquidation into a Credit Society, it expected that a wide based PIC Committee consisting of only stake holders will be able to do a better job as compared to the liquidator.

6. Government have examined the matter in detail and after careful examination of the mater, hereby permit the Registrar of Cooperative Societies, to convert the Bhagyanagar Coop. Urban Bank Ltd., into Bhagyanagar Coop. Credit Society Ltd., by exercising the powers under section 69 of APCS Act, 1964.

7. The Registrar of Cooperative Societies may appoint a PIC Committee comprising of the following :

- i) Sri B. Yadaiah Chairman
- ii) General Manager, APSCFC of his representative- Member
- iii) Managing Director, AP, Housefed or his representative- Member
- iv) Executive Engineer (PR), RR District or his representative- Member
- v) Managing Director, APSCRIC or his representative- Member
- vi) Managing Director, APBC. Finance Corporation or his representative -Member
- vii)Liquidator, AP Coop. Joint Farming Societies Federation and A.P. State Coop. Labour Contract Societies Federation- Member.

8. The Society shall set apart Rs. 30 lakhs for repayment of small balances in individual deposit accounts and this amount shall be kept in a separate fixed deposit.

9. The PIC Committee shall submit progress report by 10th of every month made on the recoveries and repayment to the institutional depositors on pro-rata basis to the Commissioner for Coop. & Registrar of Coop. Societies, A.P., Hyderabad.

10. This order issues with the concurrence of the Finance (Expenditure A&C) Department vide their U.O.No. 26875/430/A2/EAC/2010, dated 19.11.2010.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**K. R. KISHORE
PRINCIPAL SECRETARY TO GOVERNMENT**

To

The Commissioner for Coop. & Registrar of Coop.
Societies, A.P., Hyd.

The Liquidator, Bhagyanagar Coop. Urban Bank Ltd.
(U/L) Abids, Hyderabad and the Bhagyanagar Coop. Credit Society Ltd
(through the CC & RCS, Hyd.).

Copy to :

A&C (Coop.VII) Department
Finance (Expr. A&C)Dept.
P.S. to Minister (Cooperation)
P.S. to Prl. Secretary (C&AM)
SF/SC

//FORWARDED:::BY ORDER//

SECTION OFFICER